

AR39

DOMINION STORES LIMITED

60TH ANNIVERSARY AND
ANNUAL REPORT 1979

SIXTY YEARS *OF* DEPENDABILITY





The Aim

of Dominion Stores Limited is to fulfil with ever-increasing efficiency its responsibility as a distributor of food, thereby performing a satisfactory service to the consumer, producer, manufacturer and processor; to discharge its responsibility to shareholders whose investment makes the company possible; and to provide its employees with a satisfactory living under the best possible conditions.



Reaffirmed 17 March, 1979

60 years of dependability

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This year marks the 60th Anniversary of the founding of our Company—60 Years of Dependability—as such, this, our Annual Report this year, is especially significant.

Six decades in food distribution affords us the opportunity to reflect: not to linger upon what has been accomplished, but to briefly recall the evolution of Dominion Stores Limited over 60 years of constant change within and outside our organization.

The fiscal year, ended March 17th, 1979, was one of record earnings and sales, and provided significant achievements in new and improved facilities. As employees, we can take particular pride in our accomplishments, within the environment of aggressive competition, unabated inflation and the constant effort and pressure to keep food prices down.

For the fiscal year ended in March 1979 we again reached record sales at \$2.4 billion and earnings of \$24 million, representing \$2.81 per share.

The pressure of inflation continues as the principal concern of you and your management for the foreseeable future and certainly increases the challenge to effect scale and operational improvements wherever it can be achieved.

Throughout our performance in the past and for our continuing growth and success we must be ever mindful of our dependence upon our principal publics, whose enthusiasm, cooperation and support have historically been the key to your Company's success—these are consumer acceptance, the efforts of our employees, the confidence of our shareholders, the support of our suppliers and the help of our landlords.

The performance of your Company over 60 years can, in no small measure, be attributed to the relationship existing within these publics and is symbolic of our fundamental system of free enterprise. Our joint ability to cooperate and extend the opportunity to serve has been recognized over these many years in the results of our presentation of product quality and value.

Our aim remains the guiding policy of our Company. We continue to place people, product and presentation at the forefront of our public service.

For some years, it has been our practise to expand the format of our Annual Report to tell and illustrate the continuing story of our Company: to better explain our business, not only to our shareholders and to the financial community, but to the thousands of men and women who work at Dominion Stores—at all levels of the Company and in all parts of Canada where we do business.

This year, we place our "story" emphasis upon the long history of Dominion Stores—and upon our employees, with appropriate tribute to those with long service to the Company. Our objective also is to briefly acquaint our readers with those who have led the Company down through the years and those responsible for the direction of its widely diversified operations today.

If there is a message in this special 60th Anniversary edition of the Annual Report it is inherent in our own history: that we must continue to grow, to seek out new markets, to improve our operations, to remain foremost in the minds of Canadian consumers as the best place to shop for food, both for quality, price, and genuinely friendly service—and we will thereby prosper.

Thus, the story portion allows us to indulge briefly in nostalgia, but, more importantly, take the measure of our accomplishments over six decades.

In this anniversary year, the traditional expression of thanks and appreciation is extended to encompass all—numbering in the tens-of-thousands—who work or who have worked with Dominion Stores over the past 60 years: those who pioneered in the founding years, those who have and are participating in our growth and those who today contribute to our position as the leading and finest food retailing organization in Canada.

This anniversary year and all that it represents is rightfully dedicated to all Dominion Stores' people—past and present.

Hopefully, in the pages that follow, you will find pleasant and interesting recollections of "the good old days" and a sense of pride in this graphic illustration of how far we have come since 1919.

Thomas G. Bolton
Deputy Chairman and Chief Executive Officer



ROBERT JACKSON (1919-1930)

Robert Jackson came to Canada in 1919 and opened the first Dominion Store at 174 Wallace Ave., Toronto. The name "Dominion" suggested not only the official status of Canada at the time, but undoubtedly Mr. Jackson's vision of the scale of growth the new enterprise would achieve. By June of 1920, Dominion Stores was operating 57 stores. By 1930, Dominion Stores had 526 outlets.



J. WILLIAM HORSEY (1938-1955)

J. William Horsey was a latter day Pentland, the right man at the right time. A gifted organizer and leader, he turned the depression-scarred fortunes of Dominion Stores around and was the greatest single influence in our conversion from individual service stores to the self-service Dominion supermarket as we know it today. He was a pioneer in management that recognized the interlocking interests of shareholders, employees and consumers.



WILLIAM J. PENTLAND (1930-1933)

William J. Pentland's contribution to Dominion Stores is not indicated by the length of his presidency, but by the fact that he came to Canada with Robert Jackson and, from the outset, applied his genius for organization and leadership to the incredible growth of the Company during the 1920's. He is regarded as a prime architect of the Company that grew to 572 outlets by 1931.



THOMAS G. McCORMACK (1955-1973)

A natural successor to Horsey, Mr. McCormack was a leader imbued with success and enthusiasm. During his term as president the turnaround continued. Old stores were closed, replaced by new stores in strategic locations. At the time of his retirement, there were 380 Dominion Stores in Canada—most of them modern, self-service supermarkets as we know them today.



MORLEY SMITH (1933-1936)

Upon Mr. Pentland's death in 1933, Morley Smith, whose name was linked with those of the founders from 1921, assumed the Presidency. The Smith years—in the depth of the great depression—speak for themselves. And Smith's was the job of stewardship in this critical period. They were difficult years. Stores closed. Credit created serious problems for the Company, which was losing money but struggling to hold on.



THOMAS G. BOLTON (1973-1979)

The assignments which Mr. Bolton undertook as a senior executive—administration, research, strategic planning, corporate planning and corporate development—suggest the new language of modern business management that was introduced into the complex organization of a highly competitive company fighting inflation, determined to give the best possible value for the consumer food dollar.



E. GORDON WILLS (1936-1938)

No less a burden, reflective of the sluggish pre-war economy, was inherited by E. Gordon Wills. He carried on in the conservative capacity of his predecessor, which was a common style of business leadership in those difficult years. By 1938 the Company operated 464 stores but the general pattern of losses, prevalent in the depression, continued.



ALLEN C. JACKSON (1979-)

Allen Jackson came into the presidency in the 60th anniversary year of the Company. As chief operating officer of the Company his, too, is the continuing challenge presented by tough competition and the direction of Canada's largest food distribution organization amid the pressures of inflation and the demands of today's enlightened consumer for the essential but difficult combination of offering quality and price in all food products.



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The year was 1919. The Great War was over. The world—in particular the Canada to which our servicemen and women were returning—would never be the same again.

Canada had begun to think as a nation and was beginning to act like one. A spirit of nationalism, a pride in being “Canadian”, had emerged from Flanders, from Passchendaele and from Vimy Ridge. Our “boys” had fought as Canadian units and under their own commanders. They went over as troops of the Empire but they came back as Canadians—in body, mind and spirit.

At home, too, Canada was coming into its own as a national entity. Millions of Canadians, in four years of monumental effort and sacrifice, rallied to the support of our contingents in Europe and they too shared this new spirit of nationalism.

During and after The Great War, every aspect of Canadian life changed.

Economically, we were to experience our first taste of a post-war boom and of inflation. These factors dominated Canadian life through the next decade, culminating in the Great Depression and the difficult years that followed.

Politically, the special interests and problems of various parts of our far-flung land—a hint of what was to evolve over the next half century—became important issues.

The process of change had already begun that would steer Canada from an agricultural economy to an industrial economy—and shift its population

emphasis from rural to urban, from urban to suburban.

Culturally, we were beginning to discover ourselves. Young Canadian artists, imbued with a newly-born sense of national pride and with the talent and determination to express it looked anew at their proud, young country and became the core of what would gain international acclaim for themselves—and for Canada—as “The Group of Seven”.

It was in this atmosphere of hope and confidence in a Canada changed and on the threshold of greater change still, that Dominion Stores was founded. From 1919 and over the ensuing 60 years, three small grocery stores would grow to become Canada’s foremost food retailing organization.

To the eye of the consumer, there was very little about a Dominion Store in 1919—indeed for some years to come—that distinguished it from other grocery stores along our main streets.

Although the “chain store” concept was clearly in the minds of our Company’s founders—with its attending advantages of lower prices through mass-buying and central warehousing—implementation of such a concept was extremely difficult because distribution itself was difficult. Merchandising was in its infancy. Marketing was a word that described what every Canadian housewife did once, twice or sometimes every day of the week.

The superbly efficient methods of centralized buying, warehousing and dis-

tribution of today, which apply to all products sold in Dominion Stores—perishable and non-perishable—were neither possible nor envisioned. Thus the “price” advantage associated with the modern Dominion Store did not apply to all products, and in the early years many local store managers were themselves entrepreneurs, especially in the buying and selling of perishable products.

Transportation of goods was reckoned in days. Today we think in “hours”, even in product lines being shipped in from other countries.

Refrigeration was either non-existent or limited to and by the use of ice.

Taken together, the limitations of transportation and refrigeration, alone, indicate the distribution problems of our business in the early days and for many years to come.

Our objective is not to compare. For the Dominion Store of 1979 is not comparable with the Dominion Store of 1919. Nor is the organization that supported our stores in the early years of growth in any way comparable with the organization behind our 377 retail stores today.

As our official historian writes: “Change in food store merchandising is almost imperceptible when looked at on a year to year basis. However, when looked at from the viewpoint of half a century or more, the change is dramatic”.

Here, we leave the chronological evolution of our business to the historians and illustrate—with historic photo-



In the beginning

... from the early days in 1919, when the first three Dominion Stores were established, and during the decade of phenomenal growth in which our retail outlets were to exceed 500 in number. These photographs remind us not only of the early stores and how they developed, but of the typical Canadian environment in which our early growth occurred.



6 graphs, simulations and photography of our present facilities—the extremes on the spectrum of change over a period of 60 years.

We can recapture and preserve for posterity the visual memory of a typical Dominion Store of the early years and to that extent compare it with the contemporary Dominion Store of 1979. But the appeal to one of the vital senses—the permeating aroma of the old fashioned grocery store—is a memory only to those who lived in the 20's and 30's.

The in-store bakery and the area around the coffee grinding machine in today's store give us a hint of what used to be: a delightful assault upon the sense of smell as one stepped inside a Dominion Store in the early years. It has largely disappeared with our progress in packaging, refrigeration, and freezing combined with the clinical standards of housekeeping which are maintained in today's huge supermarkets.

But imagine, if you can, what it used to be. The scent of lemon oil used in cleaning the wooden floor, the counters and shelves. Mix this in your mind with the sharp reminder that vinegar was stored in the back and was, with molasses, served in bulk to shoppers who brought their own containers. Add the aroma of sweet biscuits, of freshly baked bread stacked on the counter, of tea and coffee in bulk containers and of spices, cheeses, dried fruit, pickling spices, mincemeat, soaps and soap flakes, dill pickles in barrels of brine. Vegetables that stored well. Fresh fruit and vegetables in sea-





Then and now

"... we had to be in the store by quarter to eight every day except Sunday and we stayed there until seven o'clock when the store closed. On Saturday nights we would stay until 11 o'clock ... and the managers would take the money home with them, as it was safer than hiding it in the store. ..."



son. A little later: cooked meats, openly displayed with full meat departments beginning in the 30's. Bacon was sold in bulk, sliced to order. Poultry was hand drawn and prepared for the customer at the time of sale.

Incongruous as the mixture of such aromas may seem, together they provided an atmosphere that was tantalizing to the senses—and so distinctive as to never be forgotten by those who experienced it. It permeated an atmosphere as characteristic in those days of food retailing as was "The Charleston" to music, the street car and the Model T to transportation, the ice man and the coal man to everyday life.

Self-service was unknown in those years. Every customer was waited on personally. Most were "regulars" from the neighborhood known by the local Dominion Store manager and his staff. The manager or clerk took the order and filled it, weighing and measuring the bulk merchandise, marking prices on the bags, adding it all up in front of the customer. Only then did the cash register ring up the total.

Charge accounts were common and home delivery an important feature of Dominion Store service in the early years.

But the real relevance of our past—the "good old days" as some will call them—is the progress that was made toward the kind of organization which is Dominion Stores 60 years later.

The chain concept itself was a starting point and a slow but significant depar-

ture from food distribution as it was in the years preceding 1919.

To measure our progress over 60 years, we need only quote Company historians:

The 1979 supermarket chain is the product of a number of generally accepted concepts adopted to increase the efficiency of food distribution. Among these concepts, four are paramount:

1. Servicing a group of stores through one warehouse thereby cutting down the expense of the middle man—the *chain concept*.
2. The making of groceries, fruit and vegetables, meat and some housewares available at one store, thus saving time for customers—the *one-stop shopping concept*.
3. The pre-pricing of all merchandise in the store permitting the customer to make his or her own selection of items and permitting a more efficient use of the store's clerical help—the *self-service concept*.
4. The *cash and carry concept* designed to eliminate the costs of carrying charge accounts and of delivery.

Essentially, these four concepts describe Dominion Stores today and, at the same time, answer the natural question of self-evaluation after 60 years. From the simplistic "chain store" concept on which the Company was founded in 1919, how far have we come?

As Canada's largest food distribution Company, we believe the answer to be self-evident.



Then and now

"... there was no such thing as self-service. A customer usually came in with a list. All day long there'd be a team of us either bagging sugar—or rice or flour or any other bulk item, like rolled oats. If somebody came into the store and other clerks were waiting on people, the 'bagging' team would break up and we'd get out there and serve the customers. . . ."

Quarter century club

10 The photos on these pages are of special people: those who have been with the Company for 25 years or more, and they were taken at Quarter Century Club celebrations in Toronto, Montreal, Halifax and St. John's.





Directors

DOMINION STORES LIMITED



LEWIS H. M. AYRE

Mr. Ayre is Chairman of the Board of Ayre & Sons Limited of St. John's, Newfoundland. A Member of the Board since 1963, he is also Chairman of Northlantic Fisheries Limited and The Newfoundland Telephone Co. Ltd. and a director of The Bank of Nova Scotia.



STEWART G. BENNETT

Mr. Bennett is a retired executive, formerly with Beardmore & Co. Ltd. A director since 1938 and also a member of the Executive Committee, he is a director of the Royal Agricultural Winter Fair.



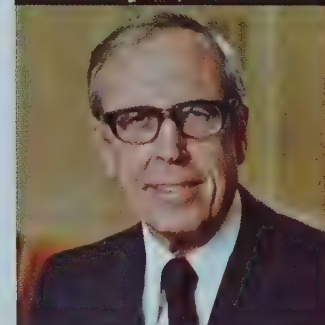
CONRAD M. BLACK

Mr. Black is Chairman of the Board and Chairman of the Executive Committee of Argus Corporation Limited. Appointed a director of Dominion in 1979, he is also a member of the Executive Committee. He is Chairman of the Board of Massey-Ferguson Limited, Chairman of the Executive Committee of Hollinger Mines Limited and a director of the Canadian Imperial Bank of Commerce and of Eaton's of Canada Limited.



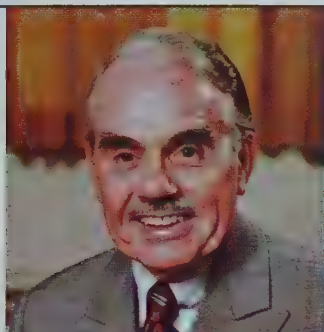
G. MONTEGU BLACK

Mr. Black is Chairman of the Board of Directors of Dominion Stores Limited. A director since 1976, he is also Chairman of the Executive Committee. He is also President and Chief Executive Officer of Argus Corporation Ltd. and Executive Vice-President of Dominion Securities Ltd. He is also Chairman of the Board of Standard Broadcasting Corporation Ltd. and a director of Massey-Ferguson Ltd.



THOMAS G. BOLTON

Mr. Bolton is Deputy Chairman and Chief Executive Officer of Dominion Stores Limited. He is also a member of the Executive Committee. A member of the Board since 1973, he was President from 1973 to 1979. Mr. Bolton is also a director of Argus Corporation Limited.


DIXON S. CHANT

Mr. Chant is Executive Vice-President of Argus Corporation Limited and a member of Dominion's Board since 1978. He is presently Chairman of the Audit Committee and serves on the Executive Committee. He is also a director of Massey-Ferguson Limited, Standard Broadcasting Corporation Limited and was formerly Chairman of the Board and President of Duplate Canada Limited.


HON. W. JOHN McKEAG

Mr. McKeag is President of McKeag Realty Ltd. of Winnipeg, Manitoba. A director since 1978, he is the former Lieutenant-Governor of the Province of Manitoba. He is also a director of The Investors Group, Johnson & Higgins, Willis Faber Ltd. and Greater Winnipeg Gas Co.


PIERRE P. DAIGLE

Mr. Daigle is Vice-President of Harold Cummings Ltd.—Leasing Division, Montreal and a member of the Board since 1961. He is also a director of Goodyear Canada Inc., Confederation Life Insurance Company, Hilton Canada Limited and Standard Broadcasting Corporation Limited.


ANDRÉ MONAST, Q.C.

Mr. Monast is a partner in the law firm of Letourneau & Stein in Quebec City. Mr. Monast has been a director since 1966 and is a member of the Audit Committee. He is also Vice-President and director of the Canadian Imperial Bank of Commerce and a director of Noranda Mines Limited and IBM Canada Limited.


HON. CLARENCE L. GOSSE, M.D.

Dr. Gosse is President of Atlantic Trust Company of Halifax, Nova Scotia. He was appointed a director of Dominion in 1978 and was formerly the Lieutenant-Governor of the Province of Nova Scotia. He is also a director of Maritime Telephone and Telegraph Company Limited and the Atlantic Television Company.


BERYL A. PLUMPTRE

Mrs. Plumptre is Reeve of the Town of Rockcliffe in the City of Ottawa. A member of the Board since 1978, she is also on the Audit Committee. Previously, she was Vice-Chairman of the Anti-Inflation Board and formerly Chairman of the Food Prices Review Board. Mrs. Plumptre is also a director of Canada Permanent Mortgage Corporation and Canada Life Assurance Company.


A. BRUCE MATTHEWS

Mr. Matthews is Chairman of Matthews & Company, Inc. A member of the Board since 1954, he is also a member of the Executive Committee. Mr. Matthews is Chairman of the Board of Dome Mines Limited. He is also a director of Massey-Ferguson Limited, Standard Broadcasting Corporation Limited, Dome Petroleum Limited and Canada Permanent Mortgage Corporation.


TRUMBULL WARREN

Mr. Warren is Chairman of the Board of Rheem Canada Limited and Chairman of Phoenix Assurance Company of Canada and of Acadia Life Assurance Company. He was appointed a director of Dominion in 1979. He is also a director of Argus Corporation Limited, Massey-Ferguson Limited and General Bakeries Ltd.


THOMAS G. McCORMACK

Mr. McCormack was Deputy-Chairman of the Board of Directors of Dominion Stores Limited until his retirement in 1977. A director since 1955, he previously was President from 1955 until 1973, joining Dominion in 1929. He is also a director of Crown Trust Company.



The Management

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Standing
G. Montegu Black
Chairman of the Board

Seated
Thomas G. Bolton
Deputy Chairman and Chief Executive Officer
Allen C. Jackson
President and Chief Operating Officer

Front right
John A. Pander
*Senior Vice-President
Retail Operations*

Regional Vice-Presidents
from left to right
Réal Brouillette
Quebec
Gilbert Vienneau
Atlantic Provinces
Ronald C. Hyne
*Hamilton and
South Western Ontario*
John N. Campbell
*Western Canada
South Western and
Eastern Ontario*
James A. Malcolm
Toronto





Seated

Larry C. Gee

Vice-President, Distribution Services

A. William Tomlin

Senior Vice-President, Administration

John C. Toma

Senior Vice-President, Marketing

Back row

James B. Williams

Vice-President, Corporate Planning

Mitchell L. Wasik

Vice-President and Secretary

John R. Morrison

Vice-President and General Counsel

Allister M. Macdonald

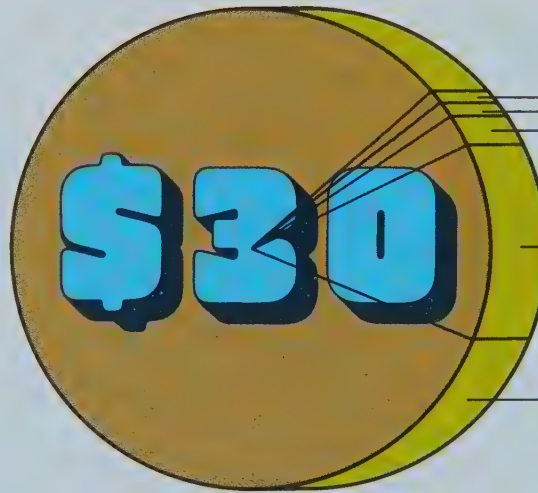
Vice-President, Real Estate and Development



16 EMPLOYEES SHARE IN CORPORATE DEVELOPMENT

Sales and productivity on the job are basic to our Company's ability to meet its financial obligations; to shareholders whose investment makes the company possible; to employees and their families. Last fiscal year, Dominion sales reached a new record, in excess of \$2.4 billion—the best sales performance of any Canadian food retailer.

To help explain our performance to your families, the chart illustrates where the money goes on a typical \$30.00 order. We paid \$25.19 for operating expenses and the purchase of quality merchandise. Federal, Provincial and Municipal taxes accounted for 60¢. Salaries and benefits to employees were \$3.91. This left 30¢, out of which we paid 10¢ in dividends to shareholders and 20¢ for reinvestment and future growth of the Company.



On an average \$30.00 order

WE PAID—10¢

in dividends to shareholders

WE KEPT ONLY—20¢

to reinvest and make future growth possible

WE PAID—60¢

in Taxes to Federal, Provincial and Municipal Governments

WE PAID—\$3.91

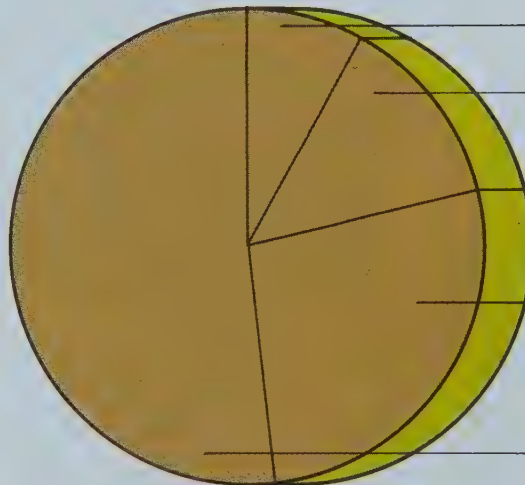
in salaries and benefits to our valued employees

WE PAID—\$25.19

for operating expenses and purchase of quality merchandise

EMPLOYEES ENJOY COMPANY FINANCIAL BENEFITS

Company-paid benefits, alone, increased to nearly \$71 million during the fiscal year of this report. These benefits were applied, as shown, on the chart. Clearly, the figures indicate that basic pay rates are only part of the total compensation and benefit package shared by Dominion employees and their families. The Company's aim is to provide a satisfactory standard of living for all employees and is demonstrated by \$37 million paid for vacations, statutory holidays, rest periods, sickness and accident: by more than \$19 million paid for the pension plan, group insurance, medical, dental and hospital plans, and health insurance. Unemployment Insurance, Workmen's Compensation and Canada/Quebec Pension Plan contributions exceeded \$9 million and approximately \$5.2 million was paid out in Christmas bonuses, recreational and educational assistance etc.



\$5,263,480 7.4%

Christmas bonus, recreation, educational assistance, etc.

\$9,376,972 13.3%

Payments required by government legislation (Unemployment insurance, Workmen's Compensation, Canada/Quebec Pension Plan)

\$19,276,165 27.3%

Pension plan, group insurance, medical, dental and hospital plans, health insurance

\$37,003,233 52%

Pay for time not worked (Vacation, statutory holidays, rest periods, sickness and accident)

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INTERIM REPORT FOR THE 26 WEEKS ENDED SEPTEMBER 15 1979



Serving Canadians
since 1919



Serving Canadians
since 1919

DOMINION STORES LIMITED

Toronto, Canada
M6M 1B9

November 13, 1979

To our Shareholders:

During the half year ended September 15, 1979 sales of Dominion Stores Limited amounted to \$1,270,655,000, compared with \$1,170,361,000 in the same period last year, an increase of \$100,294,000 or 8.57%.

These record sales were achieved in the face of extremely intense competitive activity, including continuing heavy use of the various media, and are evidence that customers continue to recognize your Company's leadership in price and service.

Net earnings in the 26 weeks amounted to \$12,012,000, or \$1.40 per share, compared with \$10,779,000, or \$1.26 per share, in the same 26 weeks a year ago. Earnings per dollar of sales for the 26 weeks were 95/100ths of a cent, compared with 92/100ths of a cent last year. This is still less than one cent on each dollar of sales and does not provide the level of funds necessary to maintain the expansion and modernization of the Company's retail and distribution facilities.

At the Annual Meeting of Shareholders on August 9, 1979, two new members were elected to the Board of Directors—Mr. Glen W. Davis and Mr. Ronald T. Riley. Mr. Davis is President of N. M. Davis Corporation Limited and Mr. Riley is Vice-President, Administration, Canadian Pacific Limited.

Your Company marked its 60th Anniversary on October 3rd. From three small stores in 1919 your Company has grown to 377 supermarkets doing more than two and a half billion dollars in sales annually. Individual celebrations were held in each store, office and distribution centre to commemorate the occasion and customers in the stores at the time were invited to join in the coffee and birthday cake celebration.

During the half-year seven new supermarkets were opened—in Windsor, London, Toronto and Orleans (Ottawa), Ontario, two stores in Halifax, Nova Scotia and one in Gander, Newfoundland. Six smaller and outdated stores were closed and at September 15, 1979 there were 377 supermarkets in operation. A new 120,000 square foot distribution centre opened in Winnipeg on August 30th. This will add substantially to the efficiency of our Western operations. Our subsidiaries opened one Safeguard drug store, two self-serve gasoline bars, two Min-A-Mart convenience stores and two "limited line" stores in the twenty-six weeks.

HIGHLIGHTS (unaudited)

(dollars are in thousands)

	For the 13 weeks ended		For the 26 weeks ended	
	Sept. 15/79	Sept. 16/78	Sept. 15/79	Sept. 16/78
Sales	\$626,705	\$579,946	\$1,270,655	\$1,170,361
Per cent increase	8.06%	—	8.57%	—
Earnings before taxes	\$ 10,929	\$ 9,276	\$ 22,424	\$ 19,649
Taxes on income	4,927	4,163	10,065	8,603
Net earnings before minority interest	6,002	5,113	12,359	11,046
Less minority interest	152	158	347	267
Net earnings	\$ 5,850	\$ 4,955	\$ 12,012	\$ 10,779
Per dollar of sales	93/100ths of a cent	85/100ths of a cent	95/100ths of a cent	92/100ths of a cent
Per share	68¢	58¢	\$ 1.40	\$ 1.26
Dividends paid	\$ 2,997	\$ 1,796	\$ 5,137	\$ 3,587
Per share	35¢	21¢	60¢	42¢

STATEMENT OF SOURCE AND USE OF FUNDS

(thousands of dollars)

	For the 26 weeks ended	
	Sept. 15/79	Sept. 16/78
Source of Funds		
Net Earnings	\$ 12,012	\$ 10,779
Depreciation	10,783	9,410
Income from investment in controlled Company	(402)	(53)
Minority interest	347	267
Disposal of fixed assets	(15)	315
Shares issued under stock option plan	81	380
Amortization of debenture discount	28	28
Decrease in mortgages and other investments	29	—
	<u>22,863</u>	<u>21,126</u>
Use of Funds		
Investment in fixed assets	15,318	17,087
Dividends paid	5,137	3,587
Long term debt reduction	937	59
Increase in investment in controlled Company	621	—
Increase in mortgages and other investments	—	234
	<u>22,013</u>	<u>20,967</u>
Working Capital		
Increase in the 26 weeks	850	159
Balance—beginning of the year	67,569	94,471
Balance—end of the half year	<u>\$ 68,419</u>	<u>\$ 94,630</u>

For the board of Directors

G. MONTEGU BLACK
Chairman of the Board

ALLEN C. JACKSON
President and
Chief Operating Officer

RAPPORT INTÉRIMAIRE POUR LES 26 SEMAINES TERMINÉES LE 15 SEPTEMBRE 1979



Au service des Canadiens
depuis 1919



Au service des Canadiens
depuis 1919

**Les Supermarchés
Dominion Limitée**
Toronto, Canada
M6M 1B9

Le 13 novembre 1979

Mesdames, Messieurs les Actionnaires,

Pour les 26 semaines terminées le 15 septembre 1979, le chiffre d'affaires des Supermarchés Dominion Limitée atteint \$1 270 655 000 au lieu de \$1 170 361 000 pour la période comparable de l'exercice précédent, ce qui correspond à une augmentation de \$100 294 000 ou 8,57%.

Ce chiffre d'affaires sans précédent a pu être réalisé en dépit de l'âpre concurrence qui a continué de s'exercer entre les supermarchés et qui s'est notamment manifestée par un recours massif aux divers médias d'information. Il montre bien que pour les consommateurs, votre Compagnie demeure le chef de file sur le plan des prix et du service.

Le bénéfice net de ces 26 semaines se chiffre à \$12 012 000 ou \$1,40 par action alors que pour la période correspondante de l'exercice précédent, il s'était inscrit à \$10 779 000 ou \$1,26 par action. Exprimé par dollar de chiffre d'affaires, il ressort à 95/100^e de cent, en hausse par rapport aux 92/100^e de cent enregistrés il y a un an. Toutefois, ce résultat demeure insuffisant, compte tenu des impératifs financiers croissants que nous dictent l'expansion et la modernisation de nos établissements de vente et de distribution.

Lors de l'assemblée générale annuelle ordinaire tenue le 9 août 1979, le conseil d'administration s'est adjoint deux nouveaux membres: MM. Glen W. Davis et Ronald T. Riley. M. Davis est président de la société N. M. Davis Corporation Ltd. et M. Riley, vice-président à l'administration du Canadien Pacifique Ltée.

Dominion a célébré son 60^e anniversaire le 3 octobre. Depuis ses débuts, en 1919, avec trois modestes établissements, votre Compagnie n'a cessé de se développer; son réseau regroupe aujourd'hui 377 supermarchés dont le chiffre d'affaires annuel dépasse deux milliards et demi de dollars. L'occasion a été soulignée dans chaque supermarché, bureau et centre de distribution et les clients qui faisaient leurs emplettes pendant la fête ont été invités à prendre un café avec les employés et à goûter au gâteau d'anniversaire.

Au cours du semestre, sept supermarchés ont ouvert leurs portes: quatre en Ontario, à Windsor, London, Toronto et Orléans (région d'Ottawa), deux en Nouvelle-Écosse, à Halifax, et un à Terre-Neuve, dans la ville de Gander. Par ailleurs, six petits établissements vétustes ont fermé leurs portes, ce qui porte à 377 le nombre total d'établissements Dominion en activité au 15 septembre 1979. Un nouveau centre de distribution de 120 000 pieds carrés est entré en exploitation le 30 août, à Winnipeg. L'efficacité de nos services dans l'Ouest devrait s'en trouver nettement améliorée. Quant à nos filiales, elles ont ouvert une pharmacie Safe-guard, deux postes d'essence à libre service, deux épiceries de dépannage Min-A-Mart et deux minimarchés.

PANORAMA DU SEMESTRE (chiffres non vérifiés) (en milliers de dollars)

	13 semaines arrêtées au 15 sept. 1979		26 semaines arrêtées au 15 sept. 1979	
Chiffre d'affaires	\$626 705	\$579 946	\$1 270 655	\$1 170 361
Pourcentage d'augmentation	8,06%	—	8,57%	—
Bénéfice avant impôts	\$ 10 929	\$ 9 276	\$ 22 424	\$ 19 649
Impôts sur le revenu	4 927	4 163	10 065	8 603
Bénéfice net avant quote-part des actionnaires minoritaires	6 002	5 113	12 359	11 046
Quote-part des actionnaires minoritaires	152	158	347	267
Bénéfice net	\$ 5 850	\$ 4 955	\$ 12 012	\$ 10 779
Pour chaque dollar de chiffre d'affaires	93/100 ^e de cent	85/100 ^e de cent	95/100 ^e de cent	92/100 ^e de cent
Par action	68¢	58¢	\$ 1,40	\$ 1,26
Dividendes	\$ 2 997	\$ 1 796	\$ 5 137	\$ 3 587
Par action	35¢	21¢	60¢	42¢

ÉVOLUTION DE LA SITUATION FINANCIÈRE (en milliers de dollars)

	26 semaines arrêtées au 15 sept. 1979		16 sept. 1978	
Provenance des fonds				
Bénéfice net	\$ 12 012	\$ 10 779		
Amortissement	10 783	9 410		
Produit d'un placement dans une société satellite	(402)	(53)		
Quote-part des actionnaires minoritaires	347	267		
Produit de l'aliénation d'immobilisations	(15)	315		
Produit de l'émission d'actions en vertu du régime d'options d'achat d'actions	81	380		
Amortissement de l'escompte sur les débetures	28	28		
Diminution des prêts hypothécaires et autres placements	29	—		
	22 863	21 126		
Emploi des fonds				
Placement en immobilisations	15 318	17 087		
Dividendes	5 137	3 587		
Remboursement de la dette à long terme	937	59		
Augmentation d'un placement dans une société satellite	621	—		
Augmentation des prêts hypothécaires et autres placements	—	234		
	22 013	20 967		
Fonds de roulement				
Augmentation au cours des 26 semaines	850	159		
Fonds de roulement à l'ouverture	67 569	94 471		
Fonds de roulement à la clôture	\$ 68 419	\$ 94 630		

Pour le Conseil d'administration:

Le président
du Conseil,
G. MONTEGU BLACK

Le président et
chef de l'exploitation,
ALLEN C. JACKSON